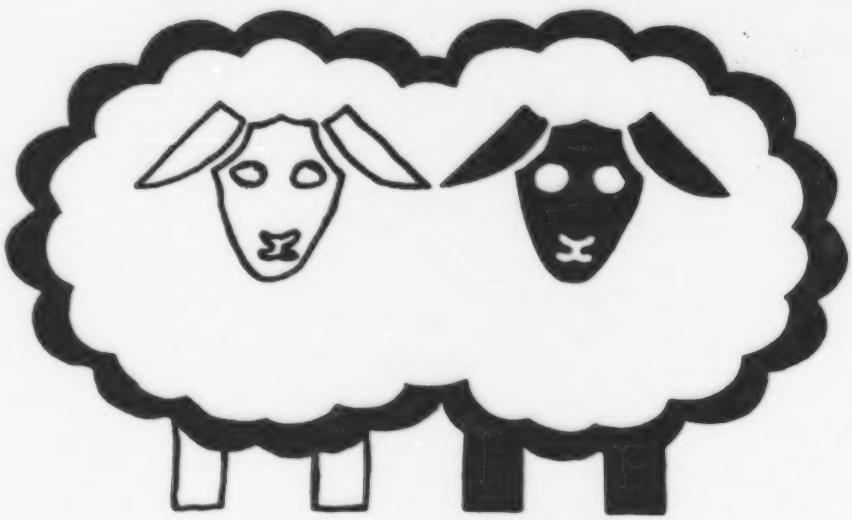
Saskatchewan Sheep and Wool Marketing Commission



ANNUAL REPORT

1986

CHAIRMAN'S REPORT - 1986

The sheep industry in Saskatchewan has a tremendous potential for growth. Given the present conditions it is probably the most viable enterprise to complement grain farming. Current prices can make a well managed operation profitable. Lamb Tripartite Stabilization which is now in operation can offer producers some protection from price declines. This program is administered by the Commission on behalf of the Provincial Government.

There is a good demand for lamb at a premium price and Canadian production falls far short of supplying the market.

The very strong prices for breeding stock last fall indicate a growing interest and growth in the industry. The Commission sponsored a breeding ewe competition at Tompkins which was very popular.

We believe the Regional Shepherd's program initiated by the Commission this year will help to keep new producers in the industry by offering them practical advice. Timely and practical advice for beginning producers can help avoid many of the mistakes which can be so discouraging.

The irrigated pasture research project shows great promise. We look forward to this project expanding and providing many producers with excellent pasture facilities. The expectation that predators can be excluded, allowing lambs to be raised on pasture, makes it especially attractive.

The Commission continues to offer efficient marketing services to producers. We also carry stockmans' supplies for producers and serve as an information and extension centre. The Commission is the main spokesman for the sheep industry and provides liaison between producers and government.

Dale Donald, Chairman
SASKATCHEWAN SHEEP & WOOL
MARKETING COMMISSION

THE SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

The Directors of the Sheep and Wool Marketing Commission for 1986 were:

Dale Donald, Chairman	Rockhaven
Colleen Sawyer, Vice-Chairman	Saskatoon
Leslie Flaig, Director	Tompkins
Ed MacCallum, Director	Swift Current
Donald Paterson, Director	Marsden
Larry Sothmann, Director	Elrose
Jim Koal, General Manager	Saskatoon

The Sheep and Wool Commission provides a marketing service for producers who wish to have the Commission market their sheep and wool. The Commission also administers a checkoff on sheep and wool which is used to fund activities to promote and develop the sheep industry and pay part of the Commission's costs of operation.

Summary of Sheep and Lamb Marketings

The following is a summary of the marketings of the Sheep and Wool Commission in 1986, as compared with 1985 and 1984:

	1986	1985	1984
No. of Lambs Marketed	7,310	9,249	12,967
Average Gross Value per Head	$ 80.11	$ 79.96	$ 66.42
Average Selling Cost per Head	$ 5.43	$ 5.53	$ 5.41
No. of Sheep Marketed	1,383	1,601	2,605
Average Gross Value per Head	$ 43.75	$ 37.27	$ 27.67
Average Selling Cost per Head	$ 4.90	$ 5.88	$ 5.62
Total No. of Sheep & Lambs Marketed	8,693	10,850	15,572
Total Gross Value	$646,130	$799,176	$933,358
Total Selling Cost	$ 46,513	$ 60,569	$ 84,847
Average Selling Cost per Head	$ 5.35	$ 5.58	$ 5.44

Sheep and Lamb Marketing

1986 paralleled 1985 in marketing activity but for a different and very encouraging reason. The number of animals going to market was reduced by a small percentage as compared to 1985 but the reason for this in 1986 was because producers either retained their own ewe lambs or sold them to other producers. With the very strong prices for slaughter lambs the industry definately portrayed strong confidence thus encouraging more producers to go into lamb production, and also more producers to become active lamb feeders. A late sale (November) in Southern Alberta had record sales of $260 per head for yearling ewes. This would compare with approximately $125 per head for prices of equal quality a year ago.

Lambco, the only major processer in Canada, were almost never able to purchase as many lambs as they had a year ago. As far as S.S.W.M.C. sales, this situation of a shortage made it possible for us to get an even stronger price than what Lambco was prepared to offer, week after week.

As the marketing year closed out the indications were that prices would remain and possibly even strengthen as the shortage of supply had its positive effect. When we look at 1987 we have reason to expect both continuing strong prices and increased numbers.

Sheepman's Supplies

Stockman's needs reflected a slight increase in demand. We were very pleased to see somewhat of an increase in sales, and with the move to increased production we look forward to even stronger sales in 1987.

National Tripartite Stabilization

The lamb stabilization program went into effect early in the summer with a sign-up date of June 1986.

Although the sign-up was not fantastic, we do feel fairly good about the results, in that we had the highest percentage of sign-up for any province. We are very appreciative of our current government in having us administer this program in Saskatchewan. The better than average sign-up is proof of the fact that we were best able to communicate the advantages of the program to the industry. Also, its obviously of great financial assistance to the Commission to supply this service in that we are paid by the government for this service. Besides, this gives us an additional contact with producers.

We cannot expect any great surge of producers signing up as long as prices remain as good as they are currently.

ERDA - Programs

The one program which had been formerly approved and moved into the development stage and is creating a very str ng interest is the Irrigated Pasture Project.

This is a project to study intensive grazing under irrigation and predator control using electric fencing. 1986 being the first year, was used to establish grasses on what was formerly a wheat field. As fall came the hay (grasses) and cover crop of oats was tendered and sold as a standing crop. After the hay was cut the electric fence and fencing was tendered and installation of same commenced. The plans are to hire a shepherd-irrigation man hired early in 1987 and then put ewes with lambs on pasture in mid May.

The interest in the community is outstanding, especially with cereal grain prices being as poor as they are, farmers are asking a lot of questions related to a hopeful option, especially in an area where livestock have up until now not been a serious consideration in this specific manner. We are very optimistic that this will be a real boost to agriculture especially as it relates to irrigation.

Two other proposals have been put forward for ERDA Funding. One is for a marketing study, which hopefully will answer some definate questions which have been strongly identified by a small group called the Prairie Shepherds Lamb Marketing Coop. The other proposal is for a Regional Shepherd Program which is just what the name implys. This is a comparatively low cost program similar to what Alberta has found to be very successful in their sheep industry. The idea is that experienced, qualified, successful sheep farmers would be identified in three regions of the province to assist, especially beginning producers. From experience we have found that a good percentage of enthusiastic beginning producers have failed and given up due to a serious shortage of guidance.

As the year closed out we looked forward to a positive response to these two proposals.

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1986

F E E D E R L A M B S

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	33	77.0	71.66	55.15
FEBRUARY	2	80.0	74.34	59.48
MARCH	27	84.4	78.37	66.18
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	76	43.4	81.05	35.17
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	97	72.6	78.96	57.31
OCTOBER	446	72.2	83.66	60.44
NOVEMBER	21	79.5	77.71	61.80
DECEMBER	24	77.5	86.19	66.80
TOTAL	726	70.3	81.88	57.59

L I G H T L A M B S

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	-	-	-	-
FEBRUARY	-	-	-	-
MARCH	97	48.9	65.29	31.91
APRIL	72	59.4	72.72	43.23
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	56	78.4	82.20	64.44
AUGUST	-	-	-	-
SEPTEMBER	-	-	-	-
OCTOBER	4	75.0	65.87	49.40
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	229	59.9	73.04	43.73

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1986

SHEEP

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	70	164.0	26.41	43.32
FEBRUARY	36	135.8	27.85	37.83
MARCH	237	145.8	19.75	28.80
APRIL	100	155.6	21.26	33.07
MAY	53	154.8	20.75	32.13
JUNE	70	143.5	20.45	29.35
JULY	139	133.9	23.88	31.97
AUGUST	103	143.6	26.40	37.91
SEPTEMBER	105	146.6	22.24	32.60
OCTOBER	292	146.4	36.89	54.02
NOVEMBER	80	142.2	30.18	42.92
DECEMBER	98	131.0	34.72	45.49
TOTAL	1383	144.9	26.79	38.84

HEAVY LAMBS

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	871	99.8	74.31	74.19
FEBRUARY	279	106.2	74.56	79.21
MARCH	562	98.4	77.12	75.90
APRIL	145	96.6	84.45	81.58
MAY	172	97.0	94.12	91.29
JUNE	398	93.9	85.88	80.66
JULY	751	100.6	84.94	85.48
AUGUST	589	96.9	78.59	76.12
SEPTEMBER	776	99.0	77.47	76.67
OCTOBER	646	98.4	72.19	71.07
NOVEMBER	762	100.7	73.04	73.58
DECEMBER	404	99.0	86.37	85.54
TOTAL	6355	99.1	78.45	77.74

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

FINANCIAL STATEMENTS

Year Ended December 31, 1986

OFFICE OF THE PROVINCIAL AUDITOR

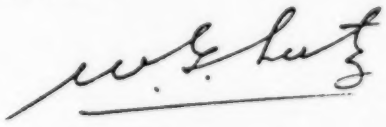
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Sheep and Wool Marketing Commission as at December 31, 1986 and the statements of revenue, expenditure and retained earnings and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
February 27, 1987.

W.G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

BALANCE SHEET

As at December 31

	1986	1985
ASSETS		
Current		
Cash	$41,917	$10,571
Term deposit	-	25,000
Accounts receivable	14,575	382
Inventories	6,927	6,716
Prepaid expense	1,340	1,480
	64,759	44,149
Furniture and equipment	8,205	7,577
	$72,964	$51,726
LIABILITIES AND EQUITY		
Current		
Accounts payable	$ 4,531	$ 2,494
Deferred revenue (Note 5)	19,049	-
	23,580	2,494
Equity		
Retained earnings - Statement 2	41,179	41,655
Fixed assets	8,205	7,577
	49,384	49,232
	$72,964	$51,726

(See accompanying notes)

Statement 2

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

For the Year Ended December 31

	1986	1985
Revenue		
Province of Saskatchewan grants		
- Administration	$ 47,500	$ 47,500
- ERDA Project (Note 5)	40,951	-
- Tripartite Program(Note 6)	21,135	-
Check-off fees	17,803	21,092
Sale of sheepman's supplies	13,137	11,436
Other	14,041	5,520
Wool handling commission (net of expenses)	-	117
	154,567	85,665
Expenditure		
Salaries and benefits	63,422	59,451
General	39,632	31,505
Cost of sales - sheepman's supplies (Note 3)	11,038	8,587
ERDA Project - leasing of land	8,500	-
- maintenance of pasture	15,680	-
- general	16,771	-
	155,043	99,543
Excess of expenditure over revenue	(476)	(13,878)
Retained earnings, beginning of year	41,655	55,533
Retained earnings, end of year - Statement 1	$ 41,179	$ 41,655

(See accompanying notes)

Statement 3

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF CHANGES IN CASH RESOURCES

Year Ended December 31

	1986	1985
Cash provided by (used in):		
Operating Activities		
Excess of expenditure over revenue	$ (476)	$(13,878)
Net change in non-cash working capital items:		
Decrease (increase) in accounts receivable	(14,193)	1,114
Decrease (increase) in inventory	(211)	976
Decrease (increase) in prepaid expenses	140	(168)
Increase in accounts payable	2,037	87
Increase in deferred revenue	19,049	-
	6,822	2,009
Cash provided by operating activities	6,346	(11,869)
Net increase (decrease) in cash and term deposits	6,346	(11,869)
Cash and term deposits, beginning of year	35,571	47,440
Cash and term deposits, end of year	$ 41,917	$ 35,571

(See accompanying notes)

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

NOTES TO FINANCIAL STATEMENTS

December 31, 1986

1. Accounting Policies

i) Fixed asset purc ases are charged as an expense against operations in the year of purchase and are therefore not depreciated. To maintain accountability for fixed assets it is necessary to record them as a balance sheet asset with a corresponding offset to the equity account.

ii) Inventory is valued at the lower of cost and net realizable value.

2. Status of the Commission

The Commission was established by Order-in-Council 1534/74 and is continued under Section 38 of the Natural Products Marketing Act. The Commission was created to provide for the promotion, control, and regulation of the marketing of sheep and wool within the Province of Saskatchewan.

3. Cost of Sales - Sheepman's Supplies

	1986	1985
Beginning inventory, January 1	$ 6,716	$ 7,692
Purchases for the year	11,249	7,611
	17,965	15,303
Less: Ending inventory, December 31	6,927	6,716
Cost of sales	$11,038	$ 8,587

4. Commissioners' and Manager's Remuneration

During 1986, the Commissioners of the Commission received $5,511 in remuneration (1985 - $4,975). Management of the Commission in 1986 received $32,780 in remuneration (1985 - $32,000).

5. ERDA Project

In 1986, the Commission entered into an agreement with the Department of Agriculture - Province of Saskatchewan to conduct extension, research and development on irrigated sheep pastures (ERDA Project). During 1986, the Commission received a grant from the Province of Saskatchewan of $60,000 and incurred expenses for the leasing, developing and maintenance of the pasture of $40,951. Pursuant to section 19 of the agreement, the Commission shall return unutilized funds remaining at the completion or termination of the project on February 1, 1989. Thereby, unutilized funds at December 31, 1986 of $19,049 are deferred and will be taken into income when associated costs are incurred.

6. Tripartite Program

In 1986, the Commission agreed to act as an agent for the Department of Agriculture - Province of Saskatchewan to administer the province's part of the administration of The National Tripartite Stabilization Scheme for Lambs established by a federal-provincial agreement. The related costs incurred to administer this agreement have been included in the expenditures of the Commission. In 1986, the Commission received a grant from the Province of Saskatchewan of $21,135 pursuant to Schedule C of the agreement to cover the costs of adminstration of this agreement.